



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
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DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

Informational Letter No. 676

February 6, 2008

To: Ambulatory Surgical Center Providers
From: The Iowa Department of Human Services, Iowa Medicaid Enterprise
RE: Ambulatory Surgical Center Reimbursement

On January 1, 2008, the federal Centers for Medicare and Medicaid Services (CMS) began implementing revisions to the Medicare payment system for Ambulatory Surgical Center (ASC) services. Medicare reimbursement for ASC services has until now been based on a fee schedule, and Iowa Medicaid has followed Medicare by also reimbursing on a fee schedule. The Medicare revisions begin to base reimbursement on the hospital Outpatient Prospective Payment System (OPPS) and will be phased in over the next three years, with full implementation beginning in 2011.

Although Medicare is changing its reimbursement methodology for ASC services, Iowa Medicaid intends to continue to reimburse for ASC services using the existing fee schedule methodology.

During the Medicare transition period Iowa Medicaid will evaluate the impact of revising our reimbursement methodology to match the Medicare methodology. If feasible, we will propose administrative rule changes that will allow us to implement the OPPS methodology by 2011; otherwise, an alternate method of reimbursement will be proposed.

The Medicare revisions also include a significant expansion of the list of covered procedures. Iowa Medicaid policy is to base our list of covered procedures on those covered by Medicare.

Iowa Medicaid will immediately begin reviewing the new Medicare-covered procedures, and will cover those that Medicare covers except where Iowa law or Medicaid policy limits coverage, such as procedures related to abortion, sterilization, and cosmetic procedures. Policies regarding preprocedure review will still apply.

If you have any questions, please contact IME Provider Services at 1-800-338-7909, locally at 515-725-1004 or by e-mail at imeproviderservices@dhs.state.ia.us.